

## MINING FLASHNOTE

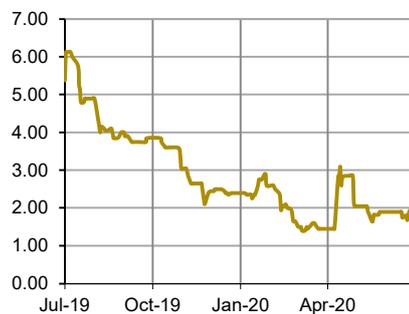
# Fox Marble Holdings (FOX LN)

30 July 2020

### Stock Data

Share Price:	2.15p
Market Cap (M):	£6.63
EV (M):	£9.50

### Price Chart



### 52 Week Range

6.35p		2.15p
1.302p		

### Company Summary

Fox Marble Holdings plc is a natural stone extraction company operating in Kosovo and the Balkans region. The Company is currently extracting blocks from the Cervenilla, Malesheva, Prilep and Syrigane quarries and operating a cutting and polishing plant in Kosovo.

### MAIN SHAREHOLDERS HOLDING

Andrew Muir	12.56%
Premier Milton Group Plc	8.97%
Albani Etrur	7.29%
Christopher Gilbert	6.93%
Shailesh Patil	6.18%

Source: Bloomberg and Fox Marble Holdings

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## Fox Marble announces new order for processed marble confirmed

### The Event

Fox Marble has announced that it has signed a new contract to supply 20,000 sq metres of cut and polished paving tiles for installation in the town square for the Municipality of Poduyeva in Kosovo.

### Comment

This is another very positive announcement from Fox-Marble and explains why the two new cutting machines were purchased earlier in July. At the time it was stated that "they will allow Fox Marble to continue to tender for new contracts while fulfilling the existing large projects that were previously announced."

This is the second substantial order for processed marble to be announced in July. The first was for 15,000m<sup>2</sup> of cut and polished tiles and 19,000m<sup>2</sup> of bespoke cut to size products for CC Apartments LLC.

Again is very positive news for Fox-Marble as it transitions its sales away from blocks to more profitable tiles and shapes. Further, although Fox-Marble have good contractual sales for blocks going forward, they tend not to be time critical, thereby resulting in irregular revenue streams. The processing plant becomes more profitable the higher the utilisation. The rate of production of the gangsaws has increased by 67% and the rate of production in the tile cutting area has improved by 100% in the past two months.

With the new order for tiles, one would expect that these production rates will continue to increase. All of this has happened before the commissioning of the two new CNC tile-cutting machines which have now been delivered to the factory and are being installed.

Reading between the lines, BHC expects further new contracts to be announced over the forthcoming months which should keep the new machines busy.

Block sales have not yet restarted and the quarries remain closed. The reason for this is with the current travel restrictions, the block inspectors are unable to travel freely, and they will not purchase blocks unless they have been inspected.

However, Fox-Marble has a large inventory of blocks available for cutting, and cutting one's own blocks gives a higher yield and enables the use of blocks that would otherwise be difficult to sell. This should have an impact on the balance sheet by reducing inventory and increasing sales.

## Research Disclosures

### **Peter Rose**

Peter has 34 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 30 July 2020

Company Name	Disclosure
Fox Marble Holdings (FOX LN)	1, 2, 3, 7, 8, 9

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